

  
Councilmember Jack Evans

A BILL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To amend the District of Columbia Code to permit the Chief Financial Officer two additional years to implement the new taxation of possessory interests in immune real property; to make technical amendments to The Economic Development Zone Incentives Amendment Act of 1988; to clarify that limited liability companies may be considered disregarded entities for District income and franchise taxation only; to repeal a redundant sales and property tax exemption provision relating to charter schools; to authorize the Mayor to sell without Council approval real property acquired through tax sale for purposes of neighborhood revitalization; to clarify that address changes of real property owners may be effectuated at the Office of Tax and Revenue without a fee, and to clarify in the amended provisions that the authority over taxation matters has been transferred to the Chief Financial Officer; to eliminate provisions regarding positions at the Recorder of Deeds rendered moot since the reorganization and integration of the Recorder of Deeds into the now Office of Tax and Revenue; to limit the exemption from recordation taxes to those entities entitled to a categorical real property tax exemption; to provide that the United States and the District shall be liable for recordation or transfer taxes when permitted; to provide recordation and transfer tax relief to divorced spouses; concerning 30-year leases, to provide recordation and transfer tax relief to entities which would be entitled to such relief if the fee simple interest were conveyed; to provide that the United States or the District is not jointly and severally liable for recordation or transfer taxes with the taxable grantor or grantee; to provide that the deed recordation and transfer tax return is due within 30 days from the execution of the deed; to repeal inconsistent and redundant recordation and transfer tax collection, penalty, interest, summons and criminal provisions, and make applicable the general provisions of chapters 41, 42, 43 and 44 of title 47 of the D.C. Code to chapter 11 of title 42 and chapter 9 of title 47 of the D.C. Code; to provide that recordation and transfer tax assessments are appealable under chapter 43 of title 47 of the D.C. Code; to clarify that the Chief Financial Officer issues regulations

concerning the Recorder of Deeds; to permit the Chief Financial Officer to issue  
certified statements of taxes owing on real properties via an electronic medium; to  
permit the Chief Financial Officer to issue regulations for chapter 4 of title 47 of  
the D.C. Code; to clarify the definition of real property for purposes of  
assessment, billing and appeals as real property described by the Office of Tax  
and Revenue; to clarify that although a long-term lessee is not an owner of real  
property, appeals, billing and notification rights have been extended to such lessee  
for purposes of chapter 8 of title 47 of the D.C. Code; to clarify that the Chief  
Financial Officer is authorized to refund real property taxes paid by an institution  
pending a favorable exemption determination by the Chief Financial Officer; to  
authorize the Chief Financial Officer to abate penalty and interest for the late  
payment of real property tax, or to compromise real property tax where there is  
doubt as to liability or collectibility; to require the Chief Financial Officer to  
provide assessment worksheets with the first level appeal notice only where there  
is an increase or decrease in the assessment; to repeal the specific summons  
authority under chapter 8 of title 47 of the D.C. Code; to clarify that there is no  
statute of limitations when the owner of real property has a duty to notify the  
Chief Financial Officer of a cessation of eligibility for a deduction, classification  
or exemption and fails to so notify; to provide for the general application to  
chapter 8 of title 47 of the D.C. Code of all of chapter 41 of title 47 of the D.C.  
Code and certain provisions of chapter 44 of title 47 of the D.C. Code relating to  
criminal enforcement and collections, respectively; to provide authority to the  
Office of Tax and Revenue to collect fees for the production of real property data  
and maps on an electronic medium or in a tangible format, and retain the fees paid  
therefor in a special fund; to clarify that real property tax petitions and appeals are  
not subject to the Office of Administrative Hearings Establishment Act of 2001;  
to clarify that a deed may not be recorded unless the recordation and transfer tax,  
and any penalty for late recordation, have been paid; to clarify that the Chief  
Financial Officer issues regulations concerning transfer taxation; to clarify that  
real property of the United States of America shall be taxed when permitted; to  
clarify that real property of the District of Columbia shall be taxed when  
permitted; to repeal an out-dated exemption provision applying the  
Commonwealth of the Philippines; to conform the collection of delinquent  
payments in lieu of real property taxes to the Tax Clarity Act of 2000; to provide  
the Chief Financial Officer with additional methods for calculating the value of a  
possessory interest in a real property immune from taxation, and to authorize the  
assessment of escaped leases or uses; to extend the filing deadline for the real  
property exempt use report by one day; to clarify that the Chief Financial Officer  
promulgates regulations relating to real property tax exemptions; to provide that a  
lien transferee shall timely provide the Office of Tax and Revenue with a payoff  
statement upon demand therefor, and failure to so provide the statement shall  
result in forfeiture of the transferee's interest; to provide that lien transferees shall  
commence foreclosure proceedings before October 1, 2002 to bring closure to the  
1996 securitization of real property tax liens; to clarify that the Chief Financial

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Officer promulgates regulations relating to real property tax sales; to clarify that  
interest accrues after a tax sale at the rate of 1.5% per month or portion thereof; to  
clarify that regulatory authority concerning real property tax sales rests with the  
Chief Financial Officer; to compensate the agency conducting the tax sale for the  
use of its resources; to clarify that a notice of impending tax sale (final notice) to  
the owner may include the amount owing on an attached bill; to provide that the  
final notice to the owner may be similar to the notice provided in the Tax Clarity  
Act of 2000; to clarify that the final notice is not required to be mailed to the  
owner; to provide that if a real property is not presented at tax sale due to payment  
which is later refused, the real property shall be deemed bid off; to eliminate the  
requirement that a tax sale purchaser shall have \$100 on deposit in order to bid; to  
limit the forfeiture of an overbidding tax sale purchaser to 20% of the deposit  
amount; to clarify that a certificate of sale need only be similar to the form  
provided for in the D.C. Code; to clarify that a certificate of sale is not required to  
be acknowledged; to provide to the District a revitalization method for the  
rehabilitation of existing improvements or construction of new improvements on  
real property bid back to the District for sale thereafter to homeowners; to delete a  
reference to a repealed provision of the D.C. Code; to clarify that a tax sale  
purchaser may pay taxes other than those taxes for which the real property was  
sold at tax sale; to make a technical amendment; to clarify that a tax sale  
purchaser cannot prevent the District from abating nuisances occurring on a tax  
sale property; to provide that a tax sale purchaser shall only be notified by another  
tax sale purchaser's foreclosure of the right of redemption if the tax sale purchaser  
records his certificate of sale with current mailing address; to provide that if fraud  
exists on the part of a tax sale purchaser, the Superior Court may set aside the sale  
of the real property notwithstanding the owner's inability to redeem the real  
property; to provide that an outstanding promissory note to the District under the  
revitalization for home ownership program shall survive a tax deed; to eliminate  
the penalty for failing to record a security instrument within 30 days and to extend  
the penalty for failure to record a deed within 30 days to include dealers; to clarify  
that political organizations must file and pay taxes on their income taxable under  
section 527 of the Internal Revenue Code of 1986; to clarify that exempt  
organizations with unrelated business income or income subject to tax under  
section 527 of the Internal Revenue Code of 1986 shall file a franchise tax return;  
to clarify that out-of-state catalog sales are subject to the compensating use tax; to  
provide that additional exemptions to the gross sales tax and compensating use tax  
may be fixed by regulation; to clarify that the Chief Financial Officer has  
authority to issue regulations for the gross sales tax and compensating use tax; to  
clarify that the lower income home ownership 5-year real property tax exemption  
applies to first time home buyers; to limit the lower income home ownership  
exemption to properties worth \$250,000 or less; to limit the lower income home  
ownership exemption to households which continue to meet the income  
requirements; to provide for a collection method for improper lower income home  
ownership exemptions; to clarify that the Chief Financial Officer may issue

regulations under chapter 41 of title 47 of the D.C. Code; to clarify that a 75% undervaluation is a gross undervaluation for purposes of penalty assessments under chapter 42 of title 47 of the D.C. Code; to clarify that a 50% undervaluation is a substantial undervaluation for purposes of penalty assessments under chapter 42 of title 47 of the D.C. Code; to increase the threshold from \$100 to \$1000 before liability for underpayment of estimated tax is incurred by corporations, financial institutions, and unincorporated businesses; to provide that the penalty for the late recordation of a deed may be abated for reasonable cause; to clarify that a provision, requiring the tolling of interest and penalty if an audit adjustment notice is not sent within one year of filing, applies only to individual income tax returns; to provide that there is no statute of limitations to assess transfer and recordation taxes when a real property tax exemption application has been filed; to provide that there is no statute of limitations to refund transfer and recordation taxes when a real property tax exemption application has been filed and subsequently approved; to clarify that the former title 45 of the D.C. Code is now title 42 of the D.C. Official Code; to provide that the lien for non-payment of transfer and recordation taxes shall have priority over prior non-statutory recorded liens; to exempt the levy upon bank accounts from a notice provision (related to the collection of non-real property taxes) which would frustrate the ability to so collect.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA,  
That this act may be cited as the "Tax Clarity and Recorder of Deeds Act of 2002".

Sec. 2. Section 509 of the Tax Clarity Act of 2000 is amended by striking the phrase "September 30, 2001" and inserting the phrase "September 30, 2003" in its place.

Sec. 3. Section 5(d) of The Economic Development Zone Incentives Amendment Act of 1988, approved October 20, 1988 (D.C. Law 7-177; D.C. Official Code § 6-1504), is amended as follows:

(a) In paragraph (1), strike the phrase "§§ 47-1807.04 and 47-1807.05" and insert the phrase "§§ 47-1807.04, 47-1807.05, and 47-1807.06" in its place.

(b) In paragraph (2), strike the phrase "§ 47-1808.04" and insert the phrase "§ 47-1808.07" in its place.

Sec. 4. Section 1 of An Act Authorizing the sale of certain real estate in the District of

Columbia no longer required for public purposes, approved August 5, 1939 (53 Stat. 1211;  
D.C. Official Code § 10-801, *et seq.*), is amended by adding a new subsection (m) to read as  
follows:

“(m) The provisions of this Act shall not apply to real property acquired by the  
District or an instrumentality of the District (or a subsidiary thereof) under § 47-1353(a)(3).”.

Sec. 5. Section 75 of the Limited Liability Company Act of 1994 (D.C. Official Code  
§ 29-1074) is amended by striking the phrase “For purposes of District taxation,” wherever it  
appears and inserting the phrase “For purposes of District income and franchise taxation,” in  
its place.

Sec. 6. Section 2210(b) of The District of Columbia School Reform Amendment Act  
of 1995 (D.C. Official Code § 38-1802.10(b)) is repealed.

Sec. 7. An Act To establish a code of law for the District of Columbia is amended as  
follows:

(a) Section 499d is amended as follows:

(1) Redesignate subsections (c) and (d) as subsections (d) and (e),  
respectively.

(2) A new subsection (c) is added to read as follows:

“(c) Notwithstanding subsection (a) of this section, an owner (as defined under § 47-  
802(5)) may notify the Office of Tax and Revenue of an address change in lieu of filing with  
the Recorder of Deeds. The notice shall identify the real property by square, suffix and lot,  
parcel and lot, or reservation and lot, and shall specify the interest held in the real property.”.

(3) In newly redesignated subsection (d) strike the phrase “Department of

Finance and Revenue” and insert the phrase “Office of Tax and Revenue” in its place.

(4) In newly redesignated subsection (e) strike the phrase “Mayor shall” and insert the phrase “Chief Financial Officer may” in its place.

(b) Sections 548, 549, and 550 are repealed.

Sec. 8. An Act To amend, revise, and reenact section 549 of subchapter 4 of the Code of the District of Columbia relating to the appointment of deputy recorder of deeds, and fixing the compensation therefor (43 Stat. 1102; D.C. Official Code § 42-1204) is repealed.

Sec. 9. The District of Columbia Deed Recordation Tax Act is amended as follows:

(a) Section 302 is amended as follows:

(1) Subsections (1) and (2) are repealed.

(2) Subsection (3) is amended to read as follows:

“(3) Deeds to real property acquired by an institution, organization, corporation, or government entitled to exemption from real property taxation under § 47-1002 (or exempt from recordation taxes under a law of the United States of America or the District of Columbia); provided, that a copy of a filed real property tax exemption application (unless waived by regulation) accompanies the deed at the time of its offer for recordation;”.

(3) A new subsection (25) is added to read as follows:

“(25) Deeds executed pursuant to a decree of divorce or of separate maintenance or pursuant to a written instrument incident to such divorce or separation.”.

(4) A new subsection (26) is added to read as follows:

“(26) Deeds to an entity described in subsection (3) of this section of a lease or ground rent for a term (including renewals) that is at least 30 years; provided, that if the entity

were the owner of the real property in which the possessory interest is conveyed, the real property would have been entitled to exemption from real property taxation under § 47-1002; provided further, that a copy of a filed real property tax exemption application (unless waived by regulation) accompanies the deed at the time of its offer for recordation.”.

(b) Section 303 is amended as follows:

(1) In subsection (c) strike the phrase “subject to such liability” and insert the phrase “jointly and severally liable with the transferee” in its place.

(2) Subsection (d) is amended to read as follows:

“(d) The deed and accompanying return shall be due as prescribed in § 47-1431(a) for the recordation of a deed.”

(c) A new section 308a is added to read as follows:

“The provisions of chapters 41, 42, 43 and 44 of Title 47 of the District of Columbia Code shall apply to the criminal enforcement, imposition or abatement of penalties and interest, administration of this subchapter, and collection of taxes imposed hereunder.”.

(d) Section 314 is amended by striking the phrase “Mayor under the provisions of section 308 of the District of Columbia Deed Recordation Tax Act (D.C. Official Code § 42-1108)” and inserting the phrase “Chief Financial Officer” in its place.

(e) Section 317 is amended by striking the phrase “Mayor shall” and inserting the phrase “Chief Financial Officer may” in its place.

(f) Sections 305, 308, 309, 310, 311, 312, 313, 315, 316, 318 and 320 are repealed.

Sec. 10. Section 3 of An Act Providing for expenses of the offices of recorder of deeds and register of wills of the District of Columbia, approved April 24, 1926 (44 Stat.

322; D.C. Official Code § 42-1214), is amended as follows:

(a) Subsection (a) is amended as follows:

(1) Add the phrase “, § 47-876, and 47-1340(h)” at the end of the first sentence.

(2) Strike the phrase “and used solely for the purposes designated in this section.” and insert the phrase “, and used solely for the purposes designated in this section and as described in subsection (b-1) of this section.” in its place.

(b) A new subsection (b-1) is added to read as follows:

“(b-1) Notwithstanding subsection (b) of this section, revenues accounted for and deposited into the Fund under the authority of §§ 47-876 and 47-1340(h), together with interest accruing thereon, shall be used solely and exclusively by the Real Property Tax Administration of the Office of Tax and Revenue for the purposes under which the revenue was charged and collected.”.

(c) Subsection (d) is amended by striking the phrase “subsection (b)” and inserting the phrase “subsections (b) and (b-1)” in its place.

(d) Subsection (e) is amended as follows:

(1) Strike the phrase “Recorder of Deeds” wherever it appears and insert the phrase “Real Property Tax Administration of the Office of Tax and Revenue” in its place.

(2) Strike the phrase “subsection (b)” and inserting the phrase “subsections (b) and (b-1)” in its place.

Sec. 11. Chapter 4 of Title 47 of the District of Columbia Code is amended as follows:



- (a) The table of contents for Chapter 4 is amended as follows: 1
- (1) Strike the section designations “47-425. Rules and Regulations. 47-445. 2  
Rules and regulations. 47-459. Rules.” and insert the section designations “47-425. Repealed. 3  
47-445. Repealed. 47-459. Repealed.” in their place. 4
- (2) Add the section designation “47-415. Regulations.” after the section 5  
designation “47-414. Repealed.”. 6
- (b) Section 47-405 is amended as follows: 7
- (1) Subsection (a) is amended as follows: 8
- (A) Strike the phrase “Collector of Taxes” and insert the phrase “Chief 9  
Financial Officer” in its place. 10
- (B) Strike the phrase “\$6” and insert the phrase “fixed by the Chief 11  
Financial Officer” in its place. 12
- (2) In subsection (b), strike the phrase “This section” and insert the phrase 13  
“Subsection (a) of this section” in its place. 14
- (3) A new subsection (c) is added to read as follows: 15
- “(c) The certified statement may be furnished in the form of a physical certificate or 16  
via an electronic medium, at the discretion of the Chief Financial Officer. When furnished 17  
via an electronic medium, a digital signature shall be deemed a signature and official seal for 18  
purposes of subsection (a) of this section; provided that in the absence of the digital 19  
signature, the last update to the electronic file as evidenced by the records of the Chief 20  
Financial Officer, immediately prior to transfer of the real property for which the certified 21  
statement was obtained, shall be deemed the certified statement.”. 22

- (c) New section 47-415 is added to read as follows: 1
- “§ 47-415. Regulations. 2
- “The Chief Financial Officer may promulgate regulations to carry out the purposes of this 3
- chapter.”. 4
- (d) Sections 47-425, 47-445 and 47-459 are repealed. 5
- Sec. 12. Chapter 8 of Title 47 of the District of Columbia Code is amended as 6
- follows: 7
- (a) Section 47-802 is amended as follows: 8
- (1) Subsection (1) is amended by striking the phrase “of the District of 9
- Columbia Surveyor according to lot and square” and inserting the phrase “and cadastral maps 10
- of the Office of Tax and Revenue according to square, parcel or reservation and lot,” in its 11
- place. 12
- (2) Subsection (5) is amended as follows: 13
- (A) Strike the word “include” and insert the word “mean” in its place. 14
- (B) Strike the phrase “deemed the owner” and insert the phrase 15
- “deemed the owner for purposes of receiving notices of proposed assessed value, receiving 16
- bills, and filing any petition or appeal under this chapter” in its place. 17
- (b) Section 47-811.02(b) is amended as follows: 18
- (1) Paragraph (3) is amended by striking the word “or”. 19
- (2) Paragraph (4) is amended by striking the phrase “§ 47-1007.” and inserting 20
- the phrase “§ 47-1007; or” in its place. 21
- (3) By adding a new paragraph (5) to read as follows: 22

“(5) The refund results from a real property tax exemption being granted.”. 1

(c)(1) The table of contents for Chapter 8 is amended by adding the section 2  
 designation “§ 47-811.03. Abatement of penalty and interest; compromise.” after the section 3  
 designation “§ 47-811.02. Overpayment; credit or refund; interest.”. 4

(2) A new section 47-811.03 is added to read as follows: 5

“§ 47-811.03. Abatement of penalty and interest; compromise. 6

“The Chief Financial Officer is authorized to: 7

“(a) In his discretion, waive in whole or in part interest or penalties, or both, on 8  
 unpaid taxes levied under this chapter and due to the District of Columbia, when, in his 9  
 judgment, such action would be equitable or just or in the public interest; or 10

“(b) Compromise taxes levied under this chapter where there is reasonable doubt as to 11  
 the liability of the taxpayer or the collectibility of the tax levied under this chapter.”. 12

(d) Section 47-825.01(f-1)(2) is amended as follows: 13

(1) At the end of the second sentence, add the phrase “, if the assessment is 14  
 raised or lowered”. 15

(2) Strike the phrase “thereto are” and insert the phrase “thereto (if required) 16  
 are” in its place. 17

(e)(1) The table of contents for chapter 8 is amended by striking the section 18  
 designation “47-826. Same - Power to administer oaths or affirmations and summon 19  
 witnesses; witness fees; examination of witnesses.” and inserting the designation “47-826. 20  
 Repealed.” in its place. 21

(2) Section 47-826 is repealed. 22

(f) Section 47-831 is amended as follows: 1

(1) The existing text is designated as subsection (a). 2

(2) A new subsection (b) is added to read as follows: 3

“(b) This section shall not apply when the owner has a duty to notify the Chief 4  
Financial Officer of the cessation of eligibility for a deduction, classification, or exemption.”. 5

(g)(1) The table of contents for Chapter 8 is amended by adding the section 6  
designations “§ 47-875. Applicability of other provisions to this chapter. § 47-876. Costs for 7  
records and data; miscellaneous charges. § 47-877. Appeals under this chapter.” after the 8  
section designation “§ 47-874. Regulations.”. 9

(2) A new section 47-875 is added to read as follows: 10

“§ 47-875. Applicability of other provisions to this chapter. 11

“The provisions of chapter 41 of this title, §§ 47-4431 through 47-4440, inclusive, 12  
and § 47-4452(a) shall apply to this chapter. No other provisions of chapters 42, 43 and 44 of 13  
this title shall apply to this chapter.”. 14

(3) A new section 47-876 is added to read as follows: 15

“§ 47-876. Costs for records and data; miscellaneous charges. 16

“The Chief Financial Officer may establish and collect costs related to the 17  
compilation and production of records, data and maps in electronic media or tangible 18  
formats. The Chief Financial Officer may also establish and collect charges (including 19  
royalties) pursuant to contract for goods and services, and the licensing of intellectual 20  
property rights. Costs and charges collected under this section shall be deposited into the 21  
Recorder of Deeds Automation and Infrastructure Improvement Fund under section 3 of An 22

Act Providing for expenses of the offices of recorder of deeds and register of wills of the  
District of Columbia, approved April 24, 1926 (44 Stat. 322; D.C. Official Code § 42-  
1214).”.

(4) A new section 47-877 is added to read as follows:

“§ 47-877. Appeals under this chapter.

Petitions and appeals under this chapter shall not be deemed adjudicated cases for  
purposes of the Office of Administrative Hearings Establishment Act of 2001, approved \_\_\_\_  
(D.C. Law \_\_\_\_, D.C. Official Code § 2-1831.01, *et seq.*)”.

Sec. 13. Chapter 9 of Title 47 of the District of Columbia Code is amended as  
follows:

(a) Section 47-902 is amended as follows:

(1) Subsections (1) and (2) are repealed.

(2) Subsection (3) is amended to read as follows:

“(3) Transfers of real property by an institution, organization, corporation, or  
government receiving a valid real property tax exemption for the real property under § 47-  
1002 (or exempt from transfer taxes under a law of the United States of America or the  
District of Columbia);”.

(3) Subsection (4) is repealed.

(4) A new subsection (19) is added to read as follows:

“(19) Transfers pursuant to a decree of divorce or of separate maintenance or pursuant  
to a written instrument incident to such divorce or separation.”.

(5) A new subsection (20) is added to read as follows:

“(20) Transfers by an entity described in subsection (3) of this section of a lease or  
ground rent for a term (including renewals) that is at least 30 years;”.

(b) Section 47-903 is amended as follows:

(1) Strike the last sentence in subsection (c) and insert the sentence  
“Notwithstanding the foregoing, neither the United States nor the District governments shall  
be jointly and severally liable with the transferor.” in its place.

(2) Subsection (d) is amended to read as follows:

“(d) The deed and accompanying return shall be due as prescribed in § 47-1431(a) for  
the recordation of a deed.”

(c)(1) The table of contents for chapter 9 is amended by striking the section  
designation “47-905. Investigation by the Mayor to determine correctness of documents,  
production of books and records; examination of witnesses; service of summons; punishment  
for disobedience.” and inserting the section designations “47-905. Repealed.” in its place.

(2) Section 47-905 is repealed.

(d) Section 47-906 is amended as follows:

(1) Strike the phrase “required by this chapter” and insert in its place “required  
by this chapter and section 306 of The District of Columbia Recordation Tax Act (D.C.  
Official Code § 42-1106)” in its place.

(2) Strike the phrase “this chapter shall have been paid” and insert the phrase  
“this chapter, Title III of The District of Columbia Recordation Tax Act (Chapter 11 of Title  
42 of the D.C. Code, 2001 Ed.) and § 47-1433 shall have been paid” in its place.

(3) Strike the word “Mayor” and insert the phrase “Chief Financial Officer” in

its place.

(e)(1) The table of contents for chapter 9 is amended by striking the section designations “47-908. Deficiencies in tax; notice of determination; protest; hearing; time for payment. 47-909. Interest; waiver; extension of time for payment.” and inserting the section designations “47-908. Repealed. 47-909. Repealed.” in their place.

(2) Sections 47-908 and 47-909 are repealed.

(f) Section 47-914 is amended by striking the phrase “Mayor under the provisions of § 47-908” and inserting the phrase “Chief Financial Officer” in its place.

(g)(1) The table of contents for chapter 9 is amended by striking the section designation “47-915. Refunds; collection.” and inserting the designation “47-915. Repealed.” in its place.

(2) Section 47-915 is repealed.

(h) Section 47-916 is amended by striking the phrase “Mayor” and inserting the phrase “Chief Financial Officer” in its place.

(i)(1) The table of contents for chapter 9 is amended by striking the section designations “47-920. Issuance of rules and regulations for administration of chapter. 47-921. Severability; savings clause. 47-922. Effective date.” and inserting the designations “47-920. Repealed. 47-921. Repealed. 47-922. Repealed.” in their place.

(2) Sections 47-920, 47-921 and 47-922 are repealed.

Sec. 14. Chapter 10 of Title 47 of the District of Columbia Code is amended as follows:

(a) Section 47-1002 is amended as follows:

(1) Subsection (1) is amended to read as follows: 1

“(1) Property belonging to the United States, unless the taxation of same has been 2  
authorized by Congress, or federal administrative rule, regulation or lease;”. 3

(2) Subsection (2) is amended to read as follows: 4

“(2) Property belonging to the District of Columbia and used for governmental 5  
purposes (as determined by the Chief Financial Officer), unless otherwise provided by law;”. 6

(3) Subsection (4) is repealed. 7

(4) Subsection (20)(B) is amended by striking the phrase “Department of 8  
Revenue shall prescribe, such property shall be subject to the provisions of § 47-1301 et seq.” 9  
and inserting the phrase “Chief Financial Officer shall prescribe, such property shall be 10  
subject to the provisions of § 47-1330 et seq., and the payment in lieu of taxes shall be 11  
deemed a delinquent real property tax from the day it was due and not paid for purposes of 12  
the real property tax sale.” in its place. 13

(b) Section 47-1005.01 is amended as follows: 14

(1) Subsection (b) is amended to read as follows: 15

“(b) If real property (or a portion thereof), which is exempt or immune from real 16  
property taxation under §47-1002(1) through (3) or the law of the United States or the 17  
District of Columbia, is leased, loaned, or otherwise made available to any person in 18  
connection with a business or as a residence, or both, and the use is not for an exempt or 19  
immune purpose and the person is not exempt or immune from income taxation under the 20  
laws of the United States or District of Columbia, the leasehold interest, possessory interest, 21  
beneficial interest, or beneficial use of the lessee or user of the real property shall be assessed 22



and taxed. The Chief Financial Officer shall determine the assessed value of the interest or use in accordance with § 47-820(a)(3) as if the lessee or user of the real property were the owner of the real property and the real property were not exempt or immune from taxation; provided, that the taxable value may be adjusted by the Chief Financial Officer to reflect the duration of the interest or use remaining; provided further, that the Chief Financial Officer may impute a duration of the interest or use based upon the intent, actions and policies of the parties to the conveyance, history of the real property, perception of third parties and written documents.”.

(2) Subsection (d) is amended to read as follows:

“(d) The provisions of § 47-831 shall apply in the case where a leasehold interest, possessory interest, beneficial interest, or beneficial use has escaped or been omitted from assessment and taxation, or the assessment has been made void.”.

(3) A new subsection (h) is added to read as follows:

“(h) The rate of tax under § 47-812, for the applicable classification under § 47-813, shall be applied to the assessed value for purposes of the tax levy.”.

(c) Section 47-1007(a) is amended by striking the phrase “April 1” wherever it appears and inserting the phrase “April 2” in its place.

(d) Section 47-1010 is amended by striking the word “Mayor” and inserting the phrase “Chief Financial Officer” in its place.

Sec. 15. Chapter 13 of Title 47 of the District of Columbia Code is amended as follows:

(a) Section 47-1303.04(i) of the District of Columbia Code is amended by adding new

paragraphs (4) and (5) to read as follows:

“(4) If a transferee does not certify the amount required to redeem his interest in the real property within 30 days of written demand by the Chief Financial Officer and subsequently permit any person to redeem, the District shall accept a reasonable redemption payment (as determined by the Chief Financial Officer), the liens held by the transferee shall be forfeited to the District and deemed satisfied, and evidence of such forfeiture and satisfaction shall be filed at the Recorder of Deeds by the Chief Financial Officer.

“(5) A transferee (other than the District, an instrumentality thereof, or other entity in which the District is the equitable owner or beneficiary) shall begin proceedings before October 1, 2002 to foreclose upon the liens so transferred and shall actively pursue such proceedings. Failure to timely begin such proceedings or actively pursue such proceedings shall revert all interests to the liens to the District, and such interests of the transferee shall be forfeited to the District. In the event of such reversion and forfeiture, the District shall file with the Recorder of Deeds an instrument evidencing such reversion and forfeiture of interests.”.

(b) Section 47-1321 is amended by striking the word “Mayor” and inserting the phrase “Chief Financial Officer” in its place.

Sec. 16. Chapter 13A of Title 47 of the District of Columbia Code is amended as follows:

(a) Section 47-1334 is amended by striking the phrase “18% per year” and inserting the phrase “1.5% per month or portion thereof” in its place.

(b) Section 47-1335 is amended by striking the word “Mayor” and inserting the

phrase “Chief Financial Officer” in its place.

(c) Section 47-1340 is amended by adding a new subsection (h) to read as follows:

“(h) When a tax is certified by a taxing agency to the agency designated under § 47-1332(b), the designated agency may extract a charge up to 10% of the redemptive value of each tax so certified. Such charge may be retained by the designated agency as compensation for the use of its resources. Charges collected under this section shall be deposited into the Recorder of Deeds Automation and Infrastructure Improvement Fund under section 3 of An Act Providing for expenses of the offices of recorder of deeds and register of wills of the District of Columbia, approved April 24, 1926 (44 Stat. 322; D.C. Official Code § 42-1214).”.

(d) Section 47-1341 is amended as follows:

(1) Subsection (a) is amended as follows:

(A) Strike the phrase “amount of taxes due” and insert the phrase “amount of taxes due (whether included in the actual notice or by attached tax bill).”

(B) Strike the word “following” and insert the phrase “following, or be similar thereto” in its place.

(2) Subsection (c) is amended by striking the word “delinquency” and inserting the phrase “delinquency (if mailed)” in its place.

(e)(1) The table of contents for chapter 13A is amended by adding the section designation “47-1342.01. Bad check; real property deemed bid off to District.” after the section designation “47-1342. Public notice; costs.”.

(2) A new section 47-1342.01 is added to read as follows:

“Whenever payment by check or other instrument on behalf of a real property is received prior to the tax sale, and such payment is refused by the drawee or otherwise not effectuated to the Treasurer of the District, and due to such payment the real property is not presented at the tax sale, the real property shall be deemed bid off to the District under § 47-1352 and may be subsequently sold under § 47-1353.”.

(f) Section 47-1346(b) is amended by striking the phrase “deposit the greater of \$100 or” and inserting the phrase “have on deposit” in its place.

(g) Section 47-1347 is amended by striking the phrase “the deposit” and inserting the phrase “20% of the deposit” in its place.

(h) Section 47-1348(c) is amended as follows:

(1) Strike the phrase “in substantially” and insert the phrase “similar to” in its place.

(2) Strike the phrase “(To be followed by acknowledgment)”.

(i) Section 47-1353 is amended as follows:

(1) Strike the word “Mayor” wherever it appears and insert the phrase “Chief Financial Officer” in its place.

(2) Subsection (a) is amended as follows:

(A) In paragraph (1)(B) strike the word “or”.

(B) In paragraph (2) strike the phrase “purchaser.” and insert the phrase “purchaser; or” in its place.

(C) Add a new paragraph (3) to read as follows:

“(3)(A) Transfer the entire or partial interest of the District for any amount of

consideration (whether bid off or not) to a purchaser and issue to such purchaser a certificate  
of sale (or cancel a pre-existing certificate of sale issued to the District and reissue a  
combined certificate of sale to the purchaser); provided that:

“(i) The real property shall have been bid off under this chapter  
at least once for a period of taxes so transferred;

“(ii) The purchaser shall be the District, an instrumentality of  
the District (or a subsidiary thereof), or a corporation not organized for profit and exempt  
from income taxation under 26 USC § 501(c)(3); and

“(iii) The instrumentality, subsidiary thereof or corporation  
shall rehabilitate an existing improvement, construct a new improvement on the real property,  
or otherwise dispose of the real property for the purposes of improving a neighborhood  
generally or in the best interests of the District.

“(B) The Chief Financial Officer may accept as payment a promissory  
note in the amount of the taxes (owing and accruing under this chapter or other) to be paid on  
re-sale of the real property; provided that if the real property shall be sold for less than its fair  
market value, the consent of the Chief Financial Officer for such discounted sale shall have  
been obtained.

“(C) Notwithstanding § 47-1331, the Chief Financial Officer may  
subordinate and determine the priority of the taxes to be paid under the promissory note to  
permit such rehabilitation, new construction, or disposition, and the note shall be paid upon  
re-sale to the extent of the proceeds available.

“(D) Notwithstanding subsection (d) of this section, if a redemption

occurs the promissory note shall be satisfied prior to the disbursement of an amount to the instrumentality, subsidiary thereof, or corporation; provided, that the promissory note may subordinate the taxes to any costs and expenses incurred by the instrumentality, subsidiary thereof, or corporation.

“(E) The provisions of An Act Authorizing the sale of certain real estate in the District of Columbia no longer required for public purposes, approved August 5, 1939 (53 Stat. 1211; D.C. Official Code § 10-801, *et seq.*), shall not apply to real property acquired by the District or an instrumentality of the District (or a subsidiary thereof) under this paragraph. Real property acquired by the District or an instrumentality of the District (or a subsidiary thereof) under this paragraph may be sold by the Mayor only, or with the Mayor’s consent. The approval of the Council shall not be required for the sale of such real property.”.

(3) Subsection (b) is amended by striking the phrase “subsection (a) of this section or § 47-414” and inserting the phrase “subsection (a)(1) of this section” in its place.

(j) Section 47-1354(a) is amended as follows:

(1) Strike the phrase “pay the taxes” and inserting the phrase “pay other taxes” in its place.

(2) Strike the phrase “sold or bid off” and insert the phrase “validly sold” in its place.

(k) Section 47-1361(a)(1) is amended by striking the word “thereon” and inserting the phrase “thereon;” in its place.

(l) Section 47-1363 is amended as follows:

(1) The existing text is designated as a new subsection (a).

(2) A new subsection (b) is added to read as follows:

“(b) Notwithstanding subsection (a) of this section, the purchase of a real property at a tax sale does not vest the purchaser with any rights whether at law or in equity when the Mayor razes improvements, abates nuisances or environmental infractions, or corrects unsafe conditions, and imposes a fine therefor which may be a lien upon the real property, until the right of redemption has been finally foreclosed under the provisions of Subchapter IV. Additionally, a purchaser shall not have standing to enjoin, nor have recourse against the District for, the imposition of fines due to noncompliance of the real property or owner thereof with any law of the District or the United States of America.”.

(m) Section 47-1372(a) is amended by adding a new paragraph (3) to read as follows:

“(3) The plaintiff shall send written notice to a purchaser of the real property, or an assignee of a certificate of sale, if the purchaser has recorded the certificate sale and any assignee has recorded the assignment, as prescribed by § 47-1350, within 4 months after the date of sale to the plaintiff; provided, that the purchaser or assignee shall file an attachment with such certificate of sale or assignment indicating his mailing address; provided further, that the assignee shall file the certificate of sale if such certificate was not filed by the purchaser. Foreclosure of the right of redemption shall not extinguish the amount to which the purchaser or assignee is entitled under this chapter.”.

(n) Section 47-1380 is amended by adding a new subsection (d) to read as follows:

“(d) Notwithstanding any other provision of this section, if the Superior Court finds fraud on the part of the purchaser and the real property is not redeemed because of an undue

hardship to the owner, the Superior Court shall set aside the sale.”.

(o) Section 47-1382 is amended as follows:

(1) Subsection (a) is amended as follows:

(A) In paragraph (2) strike the word “and” at the end of the sentence.

(B) In paragraph (3) strike the phrase “property.” and insert the phrase “property; and” in its place.

(C) Add a new paragraph (4) to read as follows:

“(4) A promissory note under § 47-1353(a)(3).”.

(2) In subsection (b) strike the phrase “§ 47-1353(b)” and insert the phrase “§ 47-1353(a)(3) or (b)” in its place.

Sec. 17. Chapter 14 of Title 47 of the District of Columbia Code is amended as follows:

(a) Section 47-1431(a) is amended by striking the phrase “is transferred” and insert the phrase “, is transferred” in its place.

(b) Section 47-1433 of the District of Columbia Code is amended to read as follows:

“If a person fails to record the deed or other document, as required by § 47-1431, there shall be imposed on the person an additional penalty in the amount of \$250. The penalty provided herein shall not be imposed where the deed or other document is a security instrument.”.

Sec. 18. Chapter 18 of Title 47 of the District of Columbia Code is amended as follows:

(a)(1) The table of contents for chapter 18 is amended by adding the section



designation ““§ 47-1802.04. Political organizations.” after the section designation “47-  
1802.03. Same - Applicability of provisions.”.

(2) A new section § 47-1802.04 is added to read as follows:

“The income of every political organization subject to tax under section 527 of the Internal  
Revenue Code of 1986 shall be taxed in the same manner and to the same extent as income  
of a corporation is taxed under subchapter VII of this chapter.”.

(b) Section 47-1805.02 is amended by adding new subsections (7A) and (7B) to read  
as follows:

“(7A) Every organization exempt from tax under § 47-1802.01 that has unrelated  
business income subject to tax under section 511 of the Internal Revenue Code of 1986 or  
income subject to tax under section 527 of the Internal Revenue Code of 1986.

“(7B) Every political organization that has income subject to tax under section 527 of  
the Internal Revenue Code of 1986.”.

Sec. 19. Chapter 20 of Title 47 of the District of Columbia Code is amended as  
follows:

(a) Section 47-2005 is amended as follows:

(1) Subsection (12) is repealed.

(2) A new subsection (30) is added to read as follows:

“(30) Other sales, as fixed by regulation.”.

(b)(1) The table of contents for chapter 20 is amended by striking the section  
designation “47-2008. Rules and regulations.” and inserting the designation “47-2008.  
Repealed.” in its place.

(2) Section 47-2008 is repealed. 1

(c) Section 47-2023 is amended by striking the word “Mayor” and inserting the phrase 2  
“Chief Financial Officer” in its place. 3

Sec. 20. Section § 47-2206(2) is amended by striking the phrase “from the taxes 4  
imposed under Chapter 20 of this title” and inserting the phrase “under § 47-2005” in its 5  
place. 6

Sec. 21. Chapter 35 of Title 47 of the District of Columbia Code is amended as 7  
follows: 8

(a) Section 47-3502 is amended as follows: 9

(1) In subsection (a)(1) add the phrase “of the first time home buyer” after the 10  
word “household”. 11

(2) A new subsection (c) is added to read as follows: 12

“(c) This section shall not apply if the fair market value of the unit or residential 13  
property exceeds \$250,000 as of the date the application for exemption is filed.”. 14

(b) Section 47-3504 is amended by adding new subsections (g) and (h) to read as 15  
follows: 16

“(g) Whenever a real property tax exemption is granted under this chapter, and the 17  
household no longer qualifies under the income limitations set forth under § 47-3502, the 18  
Chief Financial Officer shall rescind the exemption as of the first full tax year following the 19  
date the household ceased to continue to qualify for the exemption. The real property tax 20  
shall be owed in the same manner as real property tax is owed for an erroneous or improper 21  
homestead deduction under § 47-850.02(c). 22

“(h) The Chief Financial Officer may contract with a collection agency to determine the eligibility or continued eligibility for the exemption granted under this chapter in the same manner and to the same extent as provided under § 47-850.02(d) for homestead deduction audits.”.

(c)(1) The table of contents for chapter 35 is amended by adding the section designation “47-3508. Regulations.” after the section designation “47-3507. Certification of program providing low income rental housing.”.

(2) A new section 47-3508 is added to read as follows:

“The Chief Financial Officer may promulgate regulations to carry out the purposes of this chapter.”.

Sec. 22. Section 47-4110 of the District of Columbia Code is amended by striking the word “Mayor” and inserting the phrase “Chief Financial Officer” in its place.

Sec. 23. Chapter 42 of Title 47 of the District of Columbia Code is amended as follows:

(a) Section 47-4211(a) is amended as follows:

(1) In paragraph (2) strike the phrase “400% or more greater or less than” and insert the phrase “greater than or equal to 400%, or less than or equal to 25%, of” in its place.

(2) In paragraph (4) strike the phrase “200% or more greater or less than” and insert the phrase “greater than or equal to 200%, or less than or equal to 50%, of” in its place.

(b) Section 47-4215(e)(1) is amended to read as follows:

“(1) The tax shown on the return for the taxable year (or, if no return is filed, the tax) reduced by applicable credits and estimated payments which are made timely, is less

than \$1,000; or”.

(c) Section 47-4221(b) is amended as follows:

(1) In paragraph (4) strike the word “and” at the end of the sentence.

(2) In paragraph (5) strike the period at the end of the sentence and insert the phrase “; and” in its place.

(3) A new paragraph (6) is added to read as follows:

“(6) Failure to timely record deed penalty under § 47-1433.”.

(d) Section 47-4222(d)(2) is amended by striking the phrase “return of tax” and inserting the phrase “individual income tax return” in its place.

Sec. 24. Chapter 43 of Title 47 of the District of Columbia Code is amended as follows:

(a) Section 47-4301(d)(1) is amended by striking the phrase “or (C) failure to file a return” and inserting the phrase “(C) failure to file a return; or (D) filing a real property tax exemption application” in its place.

(b) Section 47-4304 is amended by adding a new subsection (e) to read as follows:

“(e) Notwithstanding subsection (a) of this section, there shall be no period of limitations where the taxpayer filed an application for a real property tax exemption on or before the date of recordation of the deed and paid the recordation tax.”.

Sec. 25. Chapter 44 of Title 47 of the District of Columbia Code is amended as follows:

(a) Section 47-4405(c) is amended by striking the phrase “Title 45” and inserting the phrase “Title 42” in its place.

(b) Section 47-4423 is amended by striking the phrase "or § 47-1812.08" and inserting the phrase " , Chapter 9, the District of Columbia Deed Recordation Tax Act, or § 47-1812.08" in its place.

(c) Section 47-4471(d) is amended by adding a new paragraph (4) to read as follows:

"(4) Paragraph (1) of this subsection shall not apply to levies against accounts maintained at third-party financial institutions."

#### Sec. 26. Applicability

(a) Sections 12(c) and 25(c) shall apply as of June 9, 2001.

(b) Section 16(m) shall apply to tax sales conducted after July 1, 2002.

(c) Section 23(b) and (d) shall apply to tax years or taxable periods beginning after December 31, 2000.

Sec. 27. The Council adopts the fiscal impact statement in the committee report as the fiscal impact statement required by Section 602 (c)(3) of the District of Columbia Self-Government and Governmental Reorganization Act, approved December 24, 1973 (87 Stat. 813; D.C. Code, 2001 Ed. § 1-206.02(c)(3)).

Sec. 28. This act shall take effect upon its enactment (approval by the Mayor or in the event of veto by the Mayor, action by the Council to override the veto), a 30-day period of Congressional review as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813); D.C. Code, 2001 Ed. § 1-206.02(c)(1), and publication in the District of Columbia Register.